



**Iowa Department of Natural Resources
Environmental Services Division**

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RECORD GASOLINE IMPORTS, REFINERY OUTAGES, PRODUCTION, PRICE AND DEMAND IN 2007

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DES MOINES— Throughout the first half of 2007, Iowans have witnessed an array of record breaking occurrences associated with gasoline production and usage in the United States.

Slumping crude oil imports in the first quarter of the year made a strong comeback in the second-quarter as imports rose to a record of 1.3 million barrels a day. Industry production of gasoline rose 3.4 percent to a first-half of the year average high of 8.9 million barrels per day; even though in 2007 there have been a record number of refinery outages.

Production of gasoline for the month of June hit 9.3 million barrels a day, a new monthly record. Gasoline deliveries, which are a measure of demand, reached 9.2 million barrels per day for January through June, up 1.5 percent from a year ago. Record demand in June almost reached 9.6 million barrels a day a record for the first half of the year. A gallon of self-serve unleaded gasoline in Iowa hit \$3.35 on May 23rd, a new all-time high.

“What really is surprising to me are the demand numbers,” said Brian Crowe, an Iowa Department of Natural Resources energy analyst. “Demand is really the only part of the whole equation that folks have control over, yet we are witnessing record demand nationally. I believe that prices would need to go up another dollar or so before we see people start to seriously curb their gasoline usage.”

July gasoline prices in Iowa are averaging \$3.10 per gallon of 10 percent ethanol blended mid-grade gasoline. That is up 6 percent from the average price in June of \$2.92 per gallon of the same blend. Prices in the Midwest have been above the national average price of \$3.05 as continued refinery and supply issues have plagued this region of the country. The good news is that the flooded Coffeyville Refinery in Kansas which has caused many woes for Midwest petroleum markets is expected to be back in production by September, adding a much need 108,000 barrels a day into the region. National gasoline demand continues to increase even with high prices. Demand rose to 9.71 million barrels a day in July, which is up 1.5 percent from 9.57 million barrels in June.

Diesel fuel in Iowa currently costs \$2.95 per gallon, \$0.13 higher than the \$2.82 price per gallon in June. Nationally, diesel fuel is priced at \$2.88 per gallon. Diesel demand has remained the same throughout June and July at 4.1 million barrels a day.

United States crude oil prices are up over 47 percent since the January low of \$51.51 per barrel. July prices are approaching record highs at \$75.90 per barrel of West Texas Intermediate Cushing grade crude oil.

On July 19, natural gas was trading at \$6.26/MMBtu, \$1.32 lower than last month. The large price drop is largely associated with larger than expected stockpile gains in May and June. Prices are still more than 6 percent higher than they were at this time last year when natural gas cost \$5.89/MMBtu.

A survey completed by the DNR on July 19 indicated that the average retail price of heating oil in Iowa was \$2.58 per gallon, \$0.14 higher than last month, but \$0.10 lower than the price of heating oil at this time last year. The

same survey found that propane was selling for an average of \$1.57 per gallon across the state, \$0.03 higher than a month ago, and \$0.33 higher than the price at this time last year.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	7/20/07	6/18/07	Difference
Ames	\$3.09	\$2.90	+\$0.19
Cedar Rapids	\$3.11	\$2.96	+\$0.15
Council Bluffs	\$2.98	\$2.78	+\$0.20
Davenport	\$3.03	\$2.92	+\$0.11
Des Moines	\$3.05	\$2.83	+\$0.22
Dubuque	\$3.08	\$3.01	+\$0.07
Fort Dodge	\$3.15	\$2.94	+\$0.21
Iowa City	\$3.13	\$3.01	+\$0.12
Sioux City	\$3.14	\$2.93	+\$0.21
Waterloo	\$3.11	\$2.82	+\$0.29
Webster City	\$3.15	\$3.04	+\$0.11
Average Metro Price	\$3.10	\$2.92	+\$0.18

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	7/19/07	6/17/07	Difference
Regular Unleaded with 10% Ethanol	\$3.10	\$ 2.92	+\$0.18
Regular Unleaded	\$3.14	\$ 2.94	+\$0.20
Premium Unleaded	\$3.24	\$ 2.95	+\$0.29
Diesel	\$2.95	\$ 2.82	+\$0.13

Source: Oil Price Information Service, www.opisnet.com

Heating Fuels Survey

Heating Fuel Type	7/15/07	6/15/07	Difference
Natural Gas	\$6.26/MMBTU	\$7.58/MMBTU	-\$1.32
Propane	\$1.57	\$1.54	+\$0.03
#2 Heating Oil	\$2.58	\$2.44	+0.14

Sources: Wall Street Journal, Iowa Department of Natural Resources